

Urchie B. Ellis
ATTORNEY AT LAW
7900 Marilea Road
Richmond, Virginia 23225
Phone 804-272-5923

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Mr. Richard J. Williams, Director
Division of Economics and Finance, SCC

Thank you for your letter of June 12, attaching copy of your letter of April 24 which went to many parties interested in electric deregulation, but somehow seems to have missed the public and consumer interests (somehow I was left out even though I played a major part in the recent Dominion Virginia Power case, and in hearings at the General Assembly the past 2 years). I am glad your procedure will admit further comments, and hope you have notified other possible public consumer interests.

I have reviewed the April 24 letter, and seen several of the extensive replies by major business representatives---e.g. Delmarva, Pepco, Virginia Power, and the Coops.

My comments are as follows:

(1) Most of the questions, and the responses, are concerned with details to benefit the utilities and independent generators, and there is little to reflect concern for the public interest. Even though I have had heavy involvement in the subject, most of the questions and responses are too complicated for me to understand or to deal with. I urge that another list of questions be sent out which ask for comments and suggestions to adequately protect the public in Virginia to ensure that we have adequate, easily available electric power at low rates and with great reliability, and with a minimum of confusion or literature to read and understand. The list should go to many public entities, and a good sample of residential and small business consumers for a broad response.

The language from Sect. 56-596B quoted in the April 24 letter directs that the SCC report have recommendations "in the public interest". Developments in the past year around the U.S. in connection with electric deregulation demonstrate that the "public interest" needs greater SCC regulation and supervision, not less. The underlying concept of the Task Force, and the deregulation law to date has been to benefit the utilities, and to allow them to sell their Virginia generated power to consumers in other areas of the U.S. who would pay more for it---and the proposed arrangements thus far have imposed nearly all of the serious risk on the residential consumer and small business in Virginia. The SCC recommendation "in the public interest" should be for a 5 year moratorium, and any needed reregulation, to preserve the status quo to allow us to see what happens elsewhere.

SOME OF THE SPECIFIC QUESTIONS PERMIT RESPONSE, AS FOLLOWS

1. The major obstacle to development of a robust competitive retail electricity market retail residential customers in Virginia is the fact that we now have low rates and good service. No residential customer wants any change. We want the SCC to continue to have full authority to supervise electricity and regulate rates and service. Deregulation only serves the purposes of the

utilities, who have developed trading floors and want to sell their generated power elsewhere for higher revenues, and be relieved of most of their obligations to the Virginia public!!!

2. and 3. deal with RTOs and transmission service, and are too complicated for me to try to comment, and are of little importance to the residents of Virginia. for the reasons stated in No. 1

4. The SCC rules are too complicated, and the public cannot understand or deal with them. I suspect that few, if any, of the Task Force Committee, or the General Assembly, can understand the several pamphlets and various notices on CHOICE, etc. and admit that I cannot, and I am sure that few residential consumers have even read them. We need the SCC-

5. In the light of the many complications that have arisen around the U.S. and with several of the power trading companies, it is clear that Virginia "public interest" requires a 5 year moratorium.

6, 7, 8, 9, are too complicated, but in general we need steps to protect the public, not the utilities, because the whole program and the details are not working, and are too complicated for the public to understand and deal with.

10---14 are too complicated for me to try to deal with, except to urge that rate caps need to be kept low and not exceed current rates in Virginia, and we should stick with SCC regulation.

15, 16 Some other states are not progressing deregulation, and that is the pattern Virginia should follow. Nothing will facilitate competitive activity in Virginia because we now have low rates and good service.

I hope these comments will be useful, and I will supplement them by reference to my letters of Nov. 27, 2001, and Dec. 24, 2001, to the Task Force, where I urged a moratorium!!!

Respectfully yours,



Urchie B. Ellis

Virginia State Bar No. 5422